

**A RESOLUTION****BY FINANCE/EXECUTIVE COMMITTEE**

**A RESOLUTION AUTHORIZING THE MAYOR TO APPROVE THE FINANCING STRUCTURE BETWEEN PROGRESSIVE WELCOME HOUSE SRO, LP AND MERCY LOAN FUND; TO APPROVE THE FINANCING STRUCTURE BY AND AMONG PROGRESSIVE WELCOME HOUSE SRO, LP, CERTAIN OF PROGRESSIVE'S AFFILIATES AND THE FEDERAL HOME BANK (FHB) (AND ANY APPLICABLE FHB MEMBER BANK) IN THE EVENT THE FORMER IS AWARDED AN AFFORDABLE HOUSING PROGRAM (AHP) LOAN BY THE LATTER; TO EXECUTE A LEASE ESTOPPEL CERTIFICATE AND OTHER DOCUMENTATION NECESSARY TO REPRESENT THE STATUS OF THE GROUND LEASE TO THIRD PARTIES; ALL IN CONNECTION WITH THE ACQUISITION AND REHABILITATION OF WELCOME HOUSE SRO LOCATED AT 234 MEMORIAL DRIVE SW; AND FOR OTHER PURPOSES.**

**WHEREAS**, Welcome House is a two hundred and nine unit (209) single room occupancy (SRO) facility located on City owned property that has been leased to an affiliate of Progressive Redevelopment Inc. (PRI);

**WHEREAS**, Progressive Welcome House SRO, LP, an affiliate of PRI, currently owns the leasehold interest at the property with on-site services provided by CaringWorks, Inc.;

**WHEREAS**, Welcome House provides an opportunity for residents to have a decent, safe place to live while receiving on-site support;

**WHEREAS**, over half of the residents at Welcome House were homeless or at risk for homelessness at the time they moved into the facilities;

**WHEREAS**, PRI and/or its affiliate now seeks to secure various financing mechanisms in order to undertake capital improvements needed to sustain long-term operation while adding space for tenant services;

**WHEREAS**, under the terms of the ground lease, the City has the right to review and approve any financing structure which encumbers the real property owned by the City at 234 Memorial Drive SW; and

**WHEREAS**, the City has reviewed the proposed financing structure which is summarized on Exhibit "A" to this resolution; and

**THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA HEREBY RESOLVES** that the Mayor is hereby authorized to approve the financing structure, in substantial form as shown on Exhibit "A" to this resolution, between Progressive

Welcome House SRO, LP and Mercy Loan Fund, said review and approval being contemplated and authorized by the terms of the Ground Lease between the City of Atlanta and Progressive Welcome House SRO, LP for the Welcome House SRO at 234 Memorial Drive SW.

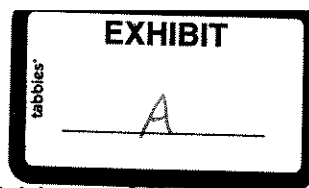
**BE IT FURTHER RESOLVED** that the Mayor is hereby authorized to approve the financing structure, in substantial form as shown on Exhibit "A" to this resolution, among Progressive Welcome House SRO, LP, certain of Progressive Welcome House SRO, LP's affiliates and the Federal Home Bank (and any member bank thereof) at the time and in the event the former is awarded an Affordable Housing Program (AHP) loan by the latter.

**BE IT FURTHER RESOLVED** that the Mayor is hereby authorized to execute a lease estoppel certificate, in substantial form as shown on Exhibit "B" to this resolution, and other documentation necessary to represent the status of the Ground Lease between the City of Atlanta and Progressive Welcome House SRO, LP for the benefit of third parties, including but not limited to, Wincopin Circle LLLP and/or Enterprise Community Investment, Inc., which are the syndicator parties providing the low-income housing tax credit equity investment for the acquisition and rehabilitation project to be undertaken at Welcome House SRO.

**BE IT FURTHER RESOLVED** that the City Attorney be and is hereby authorized to prepare the appropriate contract agreements for execution by the Mayor.

**BE IT FURTHER RESOLVED**, that said contractual agreements shall not become binding on the City and the City shall incur no liability until said agreements have been executed by the Mayor and delivered to the contracting parties.

**BE IT FINALLY RESOLVED** that this resolution shall take effect upon approval of the City Council and approval of the Mayor.



**Acquisition and Rehabilitation  
Welcome House SRO – 209 Units  
Proposed Financing Structure**

- \$750,000 Construction Loan – Mercy Loan Fund
  - 6.5% interest.
  - Term of 18 months.
  - Secured by First Priority Security Deed on Leasehold.
- \$375,000 Permanent Loan – Mercy Loan Fund
  - 6.75% interest.
  - Term of 120 months.
  - Secured by First Priority Security Deed on Leasehold.
  - Construction Loan to be paid down to Permanent Loan amount upon conversion.
- \$1,600,000 – Seller Financing – Welcome House SRO Limited Partnership
  - AFR
  - Term of 30 Years.
  - Secured by Security Deed on Leasehold.
  - Subordinate to Mercy Loan.
  - Seller Financing to remain in place. Acquisition occurred in March 2008.
- \$7,973,413 – Equity Investment – Enterprise Community Investment, Inc.
  - Amount of low income housing tax credit equity investment is a projection and is subject to change based on financial projections.
- \$550,000 – Affordable Housing Program (“AHP”) -- The developer/sponsor intends to apply for an AHP loan for this project. This loan has not yet been approved by the Federal Home Loan Bank and would be funded post-closing if awarded. The interest rate is anticipated to be 1%.

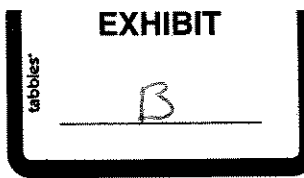
**Affordability Restrictions:** In addition to reserving at least 40% of the units as low income units for families at 60% of area median income (“AMI”), the following affordability restrictions will apply.

21 units restricted to 30% of AMI.  
145 units restricted to 50% of AMI.  
43 units restricted to 60% of AMI

These affordability restrictions will be reflected in various transaction documents, including, but not limited to, a Declaration of Land Use Restrictive Covenants (“LURC”) to be executed by the City of Atlanta in its capacity as the ground lessor. The affordability and compliance obligations under the LURC are to be fulfilled by the lessee, Progressive Welcome House SRO, L.P. Additionally, under the terms of an earlier land

use restriction document, the Project may only be used as an SRO for families/individuals with incomes no greater than 80% of AMI and at least half of the rooms must be rented to families/individuals with incomes not in excess of 50% of AMI.

**Other City Obligations:** The City of Atlanta has been asked by Enterprise to provide certain representations regarding the status of the ground lease, primarily that the ground lease is not in default pursuant to a lease estoppel. Enterprise has also requested that the lease term be extended to the maximum term permitted under State law, fifty years.



## MULTIFAMILY GROUND LESSOR'S ESTOPPEL CERTIFICATE

\_\_\_\_\_, 2008

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Re: Ground Leased Property Located in Atlanta, Georgia and Commonly Known as  
Welcome House Apartments (the "Property")

Ladies and Gentlemen:

The City of Atlanta, a municipal corporation of the State of Georgia ("Lessor") is the fee owner of the Property. Lessor and Progressive Welcome House SRO, LP ("Welcome House SRO" or "Lessee"), a Georgia limited partnership, are parties to a ground lease dated as of December 31, 1990, as amended, covering the entire Property (the "Lease"). Welcome House SRO acquired its lessee interest under the Ground Lease via an assignment from an affiliate of Progressive Redevelopment, Inc., which obtained its lessee interest via an assignment from the Urban Residential Finance Authority. The Lessor hereby warrants, represents and certifies to Wincopin Circle LLLP and its respective successors and assigns (collectively or individually, "Wincopin") as follows, as of the date hereof:

1. The term of the Lease expires no earlier than May 31, 2058.
2. All rent and any other payments or charges due to the Lessor under the Lease have been paid in full as of the date hereof. No additional rent or charge (including, but not limited to, taxes, maintenance, and operating expenses or otherwise) that has been billed to Lessee by Lessor is overdue. There are no provisions for, and Lessor has no rights with respect to increasing the rent, except as expressly set forth in the Lease.
3. All conditions precedent to the effectiveness of the Lease have been fully satisfied and the Lease is in full force and effect. A list of all the documents constituting the Lease is attached as **Exhibit A**. The Lease has not been assigned, modified, supplemented or amended in any way, except as described on **Exhibit A**. There are no other agreements concerning the Property, whether oral or written, between Welcome House SRO and Lessor.

4. Lessor has not delivered or received any notices of default under the Lease. There is no default by Lessee or Lessor under the Lease, nor has any event or omission occurred which, with the giving of notice or the lapse of time, or both, would constitute a default.
5. Lessor is the record and beneficial owner of the Property. Lessor has not subordinated its interest in the Lease to any mortgage, lien or other encumbrance on the fee. Lessor has not assigned, conveyed, transferred, sold encumbered or mortgaged its interest in the Lease or the Property.
6. No third party has any option or preferential right to purchase all or any part of the Property.
7. Lessor has not received written notice of any pending eminent domain proceedings or other governmental actions or any judicial actions of any kind against Lessor's interest in the Property.
8. Lessor has not received written notice that it is in violation of any governmental law or regulation applicable to its interest in the Property and has no reason to believe that there are grounds for any claim of any such violation.
9. Lessor and the person or persons executing this certificate on behalf of Lessor have the power and authority to execute this certificate.

Wincopin and its successors and assigns may rely upon the truth and accuracy of the certifications contained herein, and said certification shall be binding upon Lessor and its successors and assigns, and inure to the benefit of Wincopin and its successors and assigns. This certificate shall not be deemed to alter or modify any of the terms and conditions of the Lease.

CITY OF ATLANTA, a municipal corporation of  
the State of Georgia

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **Exhibit A To Estoppel Certificate**

1. Ground Lease Agreement dated as of December 31, 1990 by and between The City of Atlanta, a municipal corporation of the State of Georgia (“Lessor”) and Urban Residential Finance Authority, an authority created and existing under and by virtue of the laws of the State of Georgia.

[Need to reference all amendments, transfers, assignments, memorandums, etc. relating to the Ground Lease.]